tal and goods across international boundaries. It is contrary to the present thrust of the U.S. policy to break down tariff and nontariff barriers to trade in the free world. It sets a very poor example for other countries whom we are trying to convince as to the long-run wisdom of foreign trade unencumbered by unreasonable restraints.

The bill is basically a protectionist, isolationist measure. It shares in the same brand of economic parochialism that brought chaos to the international monetary system during the period of the great depression.

Second, in my judgment, this bill in its present form will not achieve the claimed objective. Even the 1-percent rise in long-term interest rates which this bill is designed to bring about will not stem the current level of reliance on the U.S. capital market. Our capital market is extremely efficient. With few exceptions, European money markets are far behind the United States. We are the acknowledged leading power in international finance. It is one of our greatest sources of economic strength, a positive asset. Even with the bill, it would be far and away cheaper to float foreign security and debt issues in the United States. Interest rates here would still be lower than in most capital markets abroad.

The third point that I want to make is that this bill would require the installation of direct government controls over foreign securities distribution here. The process of applying the law and administering the exemptions under the bill would require detailed supervision by Government officials. It would require the usual apparatus of excise-tax collection. It would inject the Government directly into the business of turning thumbs down or thumbs up in applying the law to determine which issues or obligations are to be sold with, in effect, higher interest costs to the foreign interests involved.

Furthermore, the bill cannot have any significant impact on our balance-of-payments problem. The exemptions of the bill cover about 90 percent of the ground. It is estimated that only about 10 percent of the total private U.S. capital exports will be subject to the tax. It is true that the pending of this bill has had a marked dampening effect on public offerings and private placements of foreign equity and debt instruments. But in the first place, much of the business has been diverted to conventional commercial bank loans. In the second place, the uncertainty of whether this bill would or would not pass would be expected to exercise a dragging effect on transactions which would be subject to the tax, if the bill were to pass. But that is no reason to believe that this bill inevitably would have a like effect after passage, and after this uncertainty has been removed.

The next point I make, and a very important one, is that this tax might well worsen our balance-of-payments position. Restraints like this are bound to have a feedback in different areas of foreign trade transactions. If we deter some capital outflow here, we may well have to pay for it elsewhere. We probably will have to pay for it in terms of lower exports, which would hurt our presently favorable overall trade balance. The best single way to meet the balance-of-payments problem—and, of course, the long-run solution which must be given time—is to keep working at an expanding export program; and this means not only increasing our exports of goods relative to imports, but also maintaining exports of capital which bring in substantial dividend and interest income.

This bill is the enemy of increasing our foreign exports, and this retaliatory action against the interest of other countries is bound to have results that we do not want in our foreign export field.

Private investment overseas is simply not the villain of the piece. We passed a tax cut earlier this year on the premise—and I think it was a sound premise—that expansion of the private sector of the economy, and not limitless expansion of the public sector through direct Federal outlays, was the way to create new jobs, improve the investment climate, and ultimately bring Federal revenues in balance with spending. We expressed a vote of confidence in the private sector.

Now, in this bill, we seem to be saying the opposite. We are about to take the contradictory step of restraining the private investment sector of international transactions. We are not, however, paying enough attention to the real villain, which is direct Federal spending overseas.

The total 1963 income from foreign investments, for example, was $4.3 billion, which was the largest single income item in the U.S. payments balance. But U.S. Government spending overseas is the largest contributor to the unfavorable balance, and precious little has been done about it.

Furthermore, we are faced again with one of those interesting phenomena which causes those of us who have served a good many years in the Congress to smile. We hear that the tax is to be a temporary tax. It is supposed to have a fixed termination date at the close of the 1965 calendar year. We have had a good deal of experience with so-called temporary taxes, such as the Federal retail excise taxes on cosmetics, luggage, handbags, and so forth, with which we have dealt in the present session of Congress and in many previous sessions. No one is being deceived by talk about a temporary tax. Everyone knows that this new tariff which is disguised as an excise tax because the proponents do not like the term "tariff," which the proposal clearly is, will suffer the same fate as many categories of retail and manufacturers' excise taxes. Through the perverse logic under which we so often operate, it will fall to the opponents of the tax—the opponents of the tariff—to make the case for taking it off rather than to the proponents to continue to justify it as a necessary measure. It is far easier to pass a temporary tax measure than to prevent its continuation after it has taken on the aura of permanency.

Since the tax cut bill passed earlier this year, our domestic investment climate has improved. Domestic investment has been made more attractive relative to foreign investment, and more and more savings should be diverted into capital investments here rather than abroad. Therefore, there is a steadily decreasing necessity for the enactment of the proposed legislation.

Finally, the continued inflationary trends in Europe, with higher prices and wages in every country, so far as I know, are making U.S. exports more and more competitive in oversea markets. Export trade abroad has mushroomed. We still have a long way to go to reach our goal, of course, and we can do better. But the proposed interest equalization tax—a tariff on the importation of stocks and bonds into this country—is exactly the kind of measure that could seriously hurt our export trade and reverse the favorable trend that we are now running in our trade balances and, worst of all, show the rest of the world that we are talking out of both sides of our mouth when we are pushing for freer trade policies in other acts of Congress.

This measure is opposed by all the countries with which we do business, and it should be opposed by us as injurious to the overall and long-term interest of our country. It is contrary to long-established policy. It is a protective tariff in the worst sense of the word. It takes us back to the 19th century. I do not want to go back. I will vote against the bill unless this substitute is adopted.

Mr. President, my colleague and I would not be offering the substitute as an original bill if the slate were entirely clean. But if we are to do something to restrain U.S. capital outflow, a voluntary Capital Issues Committee would be the best vehicle for action. It has a firm precedent in Korean war emergency legislation. It is no stranger to financial circles in Europe, where central banks in several countries have commonly exercised the function of screening capital issues in the public interest. It comports with our tradition of letting voluntary self-regulation substitute for direct public control whenever that would be effective. And finally, there is more than sufficient provision in this substitute amendment to safeguard the public interest through participation of the President and the interested agencies in approving and offering guidelines for the programs to be formulated by the committee.

The Capital Issues Committee has commended itself to the thinking of the American financial and investment community. With their cooperation and participation, such a committee can be expected to function well. I cannot too strongly urge the adoption of this amendment.

Mr. JAVITS. I thank my colleague for his helpful and constructive intercession. I point out that what my colleague has just referred to is the main thrust of the report to the President of the United States of the task force, headed by Henry H. Fowler, the Under Secretary of the Treasury, the so-called Fowler task force, to promote increased foreign investments in United States corporate securities and to increase financing of U.S. corporations abroad,

which is directly related to reducing our balance of payments. By the proposed tax we are encouraging rather than discouraging noncompliance with the recommendations of that report, to the disinterest rather than to the interest of foreign invesments in the way the Fowler committee contemplated the program would operate if we adopted the task force report.

I now yield to the Senator from Iowa [Mr. MILLER].

Mr. MILLER. I thank the Senator from New York.

THE WILLIAM WIELAND SECURITY RISK CASE

Mr. MILLER. Madam President, the able and independent reporter, Mr. Clark Mollenhoff, has performed another service by a current report on the State Department's handling of the William Wieland security risk case. This was contained in the August 3 issue of the Des Moines Register.

It appears that the State Department's Security Division has been doing too thorough a job in detecting laxity in handling some of the State Department appointments—too thorough, at least, to satisfy some of those in high positions in the Department whose embarrassment over their mistakes outweighs their first duty to demand unscrupulous conduct on the part of State Department employees.

The dedicated career officer, Otto Otepka, first determined in 1961 that Mr. Wieland had given misleading information to security investigators who were looking into his record during the rise of the Communist dictator, Fidel Castro, when Mr. Wieland was serving in the embassies of this country at various Latin American posts. Notwithstanding Mr. Otepka's findings which, I understand, are fully corroborated by the records, Mr. Wieland was cleared by higher-ups in the State Department. I might add that it was this case, along with several others, which proved highly embarassing to Secretary Rusk and others in the Department, and it was not long afterward that Mr. Otepka was removed from his position as head of the Security Division.

The Wieland case was so alarming that it is reported that shortly before he was scheduled for assignment to a sensitive post in Germany, the Attorney General himself intervened, acting on information from the Federal Bureau of Investigation, and Mr. Wieland was given a nonsensitive assignment in the State Department.

Last year additional facts about Mr. Wieland came to light, with the result that other security investigators in the State Department recommended that he be fired. Two of the security evaluators involved have subsequently been transferred out of the Division contrary to their own wishes, incidentally. Last March a special ad hoc committee of three men, whose names I shall not reveal at this time was appointed by the Secretary of State to review the Wieland case. I am advised that the three-man panel made its review and submitted its report all in 1 month, so that action by the Secretary of State has been delayed for 4 months, with no indication of when action will be taken.

Madam President, I said a few weeks ago that unless the Secretary of State directs that all of the emergency clearance cases be submitted to a full and complete regular investigation by the Security Division—there reportedly have been around 200 of these, as against only 8 during the entire Eisenhower administration—the suspicions and lack of confidence of the general public must be expected. I repeat that statement today, and I couple with it the further point that hard-working and firm investigators must be retained—not reassigned—in the Security Division of the Department.

Unless some changes are made in State Department activities involving security clearances and operations, I regret that laxity in the State Department will have to become an issue in this fall's presidential campaign.

I ask unanimous consent that the Register article to which I referred be inserted in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

RUSK'S TOUCHY CHORE: DECIDING FATE OF CONTROVERSIAL UNDERLING

WASHINGTON, D.C.—Secretary of State Dean Rusk is faced with the touchy political chore of deciding whether to oust William Wieland as a security risk or restore him to full status as a Foreign Service officer.

The State Department said Saturday a special three-man panel made a decision in the last few weeks. Its press office declined, however, to state whether the panel ruled for or against the Latin American expert.

Richard Phillips, Department press officer, said Rusk must make the final decision.

The Wieland case has been one of the most controversial in recent years. It is among those that caused the fight between State Department security evaluator Otto Otepka and his superiors. Otepka contended there was laxity in handling the Wieland case and others.

The original Wieland security case was up for decision in 1961 when the Kennedy administration took office. Otepka had made a decision there was not sufficient evidence to label Wieland disloyal or a Communist, but he had found that Wieland had given incorrect information to Government officials on several matters.

Otepka ruled Wieland should be forced to resign because of this questionable integrity.

Despite this finding by Otepka, Wieland was cleared by Secretray of State Rusk's Office. Wieland was about to be assigned to a highly sensitive post in Germany when FBI Chief J. Edgar Hoover went to Attorney General Robert F. Kennedy to express concern.

PAPER SHUFFLING

It was on Kennedy's orders that Wieland then was blocked from the assignment to Germany and given an administrative job in the State Department where, it was reported, he was not permitted to handle security cases.

The State Department Press Office stated at that time that Wieland was in a "paper shuffling" job, and that he was to be retained in that type of post.

Wieland had held posts in the U.S. embassies in a number of Latin American countries, including Cuba, and in the late 1950's was Director of the Office of Caribbean and Mexican Affairs at the State Department.

During that time, the FBI and other agencies submitted voluminous reports on Fidel Castro's Communist connections, some of them indicating he was a Communist. However, most of this information was stopped at Wieland's desk and did not go to higher officials.

Not having this information, President Dwight Ensenhower, Secretary of State John Foster Dulles, and later Secretary of State Christian Herter were of the opinion Castro was not a Communist—at least until a man at a White House party made some remarks to Mr. Eisenhower about Castro's Communist background. President Eisenhower was disturbed, and asked the Secretary of State to contact FBI Director Hoover.

Hoover then informed the President and Secretary of State that he had submitted much information to them that had been stopped at a lower level.

OTEPKA TESTIFIED

Otepka testified about the details of the Wieland case and the decision by superiors to overrule his finding that Wieland was "unsuitable" for employment in the State Department.

Since that time, new information has been developed in the State Department Security Division indicating Wieland was in error in contending he had met Castro only on two occasions. Investigators developed evidence indicating he had been with Castro on at least a half dozen occasions.

On the basis of these meetings and the fact they did not regard his initial answers as frank or correct, other security officials last March recommended that Wieland be fired.

This time the recommendation was that Wieland was "unsuitable" and was also a security risk because of his lack of frankness on his contacts with Castro.

This recommendation was made last March—more than 6 months after Otepka had been removed from control of the security evaluation division as a result of charges of insubordination brought by superiors.

The Wieland case was one of a number of cases involved in the dispute between Otepka and his superiors, who contended Otepka should not have given certain security information to the Senate Internal Security Subcommittee.

It is reported by usually reliable sources that this three-member panel has concluded Wieland should not be fired, but should be reinstated as a Foreign Service officer. It is now up to Secretary Rusk to rule.

President Johnson is reported concerned because of possible repercussions in the political campaign this fall. Democrats as well as Republicans on the Senate Internal Security Subcommittee have expressed disagreement with the initial decision to retain Wieland even in a paper shuffling capacity.

Mr. EASTLAND. Madam President, will the Senator yield?

Mr. MILLER. I yield.

Mr. EASTLAND. The Senator has mentioned the Wieland case, which was handled by the Internal Security Subcommittee. I know the facts about the Wieland case, and also the Otepka case. I agree with the Senator in what he has said in general, but I am surprised that the Senator compared conditions in the State Department with what prevailed under President Eisenhower, because Wieland is a product of the Eisenhower administration. Cuba was betrayed when Eisenhower was President of the United States. That was a time when, due to incompetence in the Department, the security information did not get

above the level of Wieland to the people on the floor above him.

Mr. MILLER. I regret that my good friend said what he has just said, because he well knows that the case is not quite as simple as that. The Senator from Mississippi well knows that the information regarding Mr. Wieland did not come to light until after the Eisenhower administration. The Senator from Mississippi knows that if it had come to light during the Eisenhower administration, action would have been taken on it.

Mr. EASTLAND. I know that certain information has never been released to the public. Let us have all the facts. Let us be fair. I am not taking up for a Democratic administration or a Republican administration; but the truth of the matter is that Mr. Wieland is a product of the Eisenhower administration. It is hard to admit, but that is the truth.

Mr. MILLER. That is not the point I was making.

The point I was making is that when information comes out, something ought to be done about it.

Mr. EASTLAND. Yes; and for several years information was coming from all the security agencies of this Government to the effect that Castro was a Communist, and no action was taken by the Eisenhower administration. According to Mr. Earl Smith, who was the Ambassador, this Government, under President Eisenhower, established Castro in office in Cuba.

Mr. MILLER. I do not want to labor this point with my friend from Mississippi.

Mr. EASTLAND. There is nothing to argue. I have the facts.

Mr. MILLER. The Senator from Mississippi has the facts; and that is the difficulty I have with his statement. He well knows that he and his own committee have brought out facts which have not been acted on by this administration—facts which, if they had been revealed by the late John Foster Dulles or President Eisenhower, would have been acted on. I fail to see why the Senator from Mississippi has been disturbed by what I have said, because he has more information, by far, than I have, and the administration has failed to act on facts that his own committee has.

Mr. EASTLAND. The point was that information was pouring in to the effect that Castro was a Communist, and the Eisenhower administration never acted on it. Or rather, it did act on it, because it put Castro in office in Cuba.

Mr. MILLER. The Senator from Mississippi might point out that the reason the Eisenhower administration did not act was that Mr. Wieland is reported to have held that information to himself. I think this administration ought to fire Mr. Wieland.

Mr. EASTLAND. I think Wieland was involved and had been involved. The best thing to do is to change the law and clean out the State Department.

INTEREST EQUALIZATION TAX ON CERTAIN FOREIGN SECURITIES

The Senate resumed the consideration of the bill (H.R. 8000) to amend the Internal Revenue Code of 1954, to impose a tax on acquisition of certain securities in order to equalize costs of longer term financing in the United States and in markets abroad, and for other purposes.

Mr. JAVITS. Mr. President, I am prepared to have the amendment voted on. Will the Chair state the question?

The PRESIDING OFFICER (Mr. WILLIAMS of New Jersey in the chair). The question is on agreeing to the amendment of the Senator from New York, which is in the nature of a substitute for the bill. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Arizona [Mr. HAYDEN], the Senator from Alabama [Mr. HILL], the Senator from Montana [Mr. METCALF], the Senator from Georgia [Mr. RUSSELL], the Senator from Georgia [Mr. TALMADGE], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

I also announce that the Senator from New Mexico [Mr. ANDERSON] and the Senator from Massachusetts [Mr. KENNEDY] are absent because of illness.

I further announce that the Senator from Maryland [Mr. BREWSTER], the Senator from Nevada [Mr. CANNON], the Senator from Oklahoma [Mr. EDMONDSON], and the Senator from West Virginia [Mr. RANDOLPH] are necessarily absent.

I further announced that, if present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from Maryland [Mr. BREWSTER], the Senator from Viriginia [Mr. BYRD], the Senator from Oklahoma [Mr. EDMONDSON], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from West Virginia [Mr. RANDOLPH], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], and the Senator from Georgia [Mr. TALMADGE] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

The Senator from Maryland [Mr. BEALL], the Senator from Massachusetts [Mr. SALTONSTALL], the Senator from Texas [Mr. TOWER], and the Senator from North Dakota [Mr. YOUNG] are detained on official business.

On this vote, the Senator from Maryland [Mr. BEALL] is paired with the Senator from Texas [Mr. TOWER]. If present and voting, the Senator from Maryland would vote "yea" and the Senator from Texas would vote "nay."

The result was announced—yeas 17, nays 63, as follows:

[No. 512 Leg.]

YEAS—17

Aiken	Javits	Morton
Allott	Jordan, Idaho	Pearson
Curtis	Keating	Prouty
Dominick	Kuchel	Simpson
Fong	Lausche	Williams, Del.
Inouye	Mechem	

NAYS—63

Bartlett	Boggs	Case
Bayh	Burdick	Church
Bennett	Byrd, W. Va.	Clark
Bible	Carlson	Cooper
Cotton	Jordan, N.C.	Nelson
Dirksen	Long, Mo.	Neuberger
Dodd	Long, La.	Pastore
Douglas	Magnuson	Pell
Eastland	Mansfield	Proxmire
Ellender	McCarthy	Ribicoff
Ervin	McClellan	Robertson
Gore	McGee	Scott
Gruening	McGovern	Smith
Hart	McIntyre	Sparkman
Hartke	McNamara	Stennis
Hickenlooper	Miller	Symington
Holland	Monroney	Thurmond
Hruska	Morse	Walters
Humphrey	Moss	Williams, N.J.
Jackson	Mundt	Yarborough
Johnston	Muskie	Young, Ohio

NOT VOTING—19

Anderson	Goldwater	Saltonstall
Beall	Hayden	Smathers
Brewster	Hill	Talmadge
Byrd, Va.	Kennedy	Tower
Cannon	Metcalf	Young, N. Dak.
Edmondson	Randolph	
Fulbright	Russell	

So Mr. JAVITS' amendment, in the nature of a substitute, was rejected.

Mr. GORE. Mr. President, I call up my amendment, which is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to state the amendment.

Mr. GORE. Mr. President, I ask unanimous consent that the amendment be not read but printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, ordered to be printed in the RECORD, is as follows:

On page 94, in the matter following line 19, strike out the closing quotation marks, and after such matter insert the following:

"SUBCHAPTER B—ACQUISITIONS BY COMMERCIAL BANKS

"SEC. 4931. COMMERCIAL BANK LOANS

"(a) Standby Authority.—The provisions of this section shall apply only if the President of the United States—

"(1) determines that the acquisition of debt obligations of foreign obligors by commercial banks in making loans in the ordinary course of the commercial banking business has materially impaired the effectiveness of the tax imposed by section 4911, because such acquisitions have, directly or indirectly, replaced acquisitions by United States persons, other than commercial banks, of debt obligations of foreign obligors which are subject to the tax imposed by such section, and

"(2) specifies by Executive order that the provisions of this section shall apply to acquisitions by commercial banks of debt obligations of foreign obligors during the period, and to the extent, specified in such Executive order.

"(b) DEBT OBLIGATIONS WITH MATURITY OF THREE YEARS OR MORE.—During any period specified in an Executive order issued under subsection (a), and to the extent specified in such order, sections 4914(b)(2)(A), 4914(i)(1)(A)(ii), and 4915(c)(2)(A) shall not apply.

"(c) DEBT OBLIGATIONS WITH MATURITY FROM ONE TO THREE YEARS.—During any period specified in an Executive order issued under subsection (a), and to the extent specified in such order, there is hereby imposed, on each acquisition by a United States person (as defined in section 4920(a)(4)) which is a commercial bank of a debt obligation of a foreign obligor (if such obligation has a period remaining to maturity of one year or more and less than three years), a tax equal to a percentage of the actual value of the debt obligation measured by the period remaining to its ma-

turity and determined in accordance with the following table:

THE TAX, AS A PERCENTAGE OF ACTUAL VALUE IS:

"If the period remaining to maturity is:	Percent
At least 1 year, but less than 1¼ years	1.05
At least 1¼ years, but less than 1½ years	1.30
At least 1½ years, but less than 1¾ years	1.50
At least 1¾ years, but less than 2¼ years	1.85
At least 2¼ years, but less than 2¾ years	2.30
At least 2¾ years, but less than 3 years	2.75

For purposes of this title, the tax imposed under this subsection shall be treated as a tax imposed under section 4911, except that, for such purposes, the provisions of section 4918 shall not apply.

"(d) EXCLUSIONS.—

"(1) EXPORT LOANS.—The provisions of subsection (b), and the tax imposed under subsection (c), shall not apply with respect to the acquisition by a commercial bank of a debt obligation arising out of the sale of personal property or services (or both) if—

"(A) not less than 85 percent of the amount of the loan is attributable to the sale of property manufactured, produced, grown, extracted, created, or developed in the United States, or to the performance of services by United States persons, or to both, and

"(B) the extension of credit and the acquisition of the debt obligation related thereto are reasonably necessary to accomplish the sale of property or services out of which the debt obligation arises, and the terms of the debt obligation are not unreasonable in light of credit practices in the business in which the United States person selling such property or services is engaged.

"(2) FOREIGN CURRENCY LOANS BY FOREIGN BRANCHES.—The provisions of subsection (b), and the tax imposed under subsection (c), shall not apply to the acquisition by a commercial bank of a debt obligation of a foreign obligor payable in the currency of a foreign country if, under regulations prescribed by the Secretary or his delegate—

"(A) such bank establishes and maintains, for each of its branches located outside the United States, a fund of assets with respect to deposits payable in foreign currency to customers (other than banks) of such branch, and

"(B) such debt obligation is designated, to the extent permitted by this paragraph, as part of a fund of assets described in subparagraph (A) (but only after debt obligations of foreign obligors payable in foreign currency having a period remaining to maturity of less than one year held by such bank have been designated as part of such a fund). A debt obligation may be designated as part of a fund of assets described in subparagraph (A) only to the extent that, immediately after such designation, the adjusted basis of all the assets held in such fund does not exceed 110 percent of the deposits payable in foreign currency to customers (other than banks) of the branch with respect to which such fund is maintained.

"(e) REGULATIONS.—The Secretary or his delegate shall prescribe such regulations (not inconsistent with the provisions of this section or of an Executive order issued under subsection (a)) as may be necessary to carry out the provisions of this section."

On page 2, immediately after line 8, insert the following:

"SUBCHAPTER A. Acquisitions of foreign stock and debt obligations.

"SUBCHAPTER B. Acquisitions by commercial banks.

"SUBCHAPTER A—ACQUISITIONS OF FOREIGN STOCK AND DEBT OBLIGATIONS

Mr. LONG of Louisiana. Mr. President, will the Senator from Tennessee yield for a unanimous-consent request?

Mr. GORE. I yield.

Mr. LONG. Mr. President, I ask unanimous consent that the Senate vote on the Gore amendment at 7:45 this evening, that the time between now and 7:45 be equally divided between the Senator from Tennessee and the Senator from Utah [Mr. BENNETT] and that thereafter debate on the bill itself be limited to 1 hour and that the vote on the bill be taken at 8:45 p.m., unless the Senate decides to vote before that time, with the time equally divided between the Senator from Delaware [Mr. WILLIAMS] and myself.

Mr. BENNETT. Mr. President, reserving the right to object, am I to understand that the time does not begin to run until 7:45 tonight?

Mr. LONG of Louisiana. The Senate would first vote on the Gore amendment at 7:45 p.m. After the Gore amendment had been voted on, there would then be 1 hour of debate on the bill itself.

Mr. JAVITS. Mr. President, I must object unless the unanimous-consent request does not contain a specific time for voting, because otherwise the time will be cut down too much, and we may need all the time available.

Mr. LONG of Louisiana. Does the Senator refer to the vote on the bill itself?

Mr. JAVITS. I will consent to the unanimous-consent request on the basis of 1 hour of debate on the amendment and 1 hour of debate on the bill, to be equally divided.

Mr. LONG of Louisiana. Will the Senator agree that the vote on the Gore amendment be had at 7:45 this evening?

Mr. JAVITS. If that is agreeable to the Senator from Tennessee.

Mr. LONG of Louisiana. Yes. I will not stipulate any time for the vote on the bill, except that 1 hour of debate on the bill is to be equally divided.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. GORE. Mr. President, I ask unanimous consent that a typographical error on page 2, line 18, of the bill be corrected so as to strike out "(l)" and insert in lieu thereof "(j)".

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GORE. Mr. President, when the Treasury announced that it would recommend and request the enactment of the pending bill, it also announced that it would request and recommend that the bill be made retroactive to the date of the announcement. This announcement, plus the persuasion of the Secretary of the Treasury and his staff, brought about the effectuation of the terms of the pending bill instanter. It has been effective since. However, during the ensuing 12-month period, the long-term loans of commercial banks to foreigners have increased tenfold. This, it would clearly indicate, demonstrates that some of the outflow of capital which was curbed by the proposed retrocative legislation now under consideration by the Senate was accomplished by means of long-term commercial bank loans.

Although the bill provides an exemption for such loans, the need for closing this loophole is plain to see. I advocated that this type of long-term commercial bank loans to foreign customers be included in the terms of the bill. As a result of my suggestion, I have received from Secretary Dillon a letter which I now desire to read:

I understand that you are considering introduction of an amendment to the proposed interest equalization tax bill (H.R. 8000) which would authorize the President, on a standby basis, to impose the tax on loans by commercial banks to foreigners. Under the bill as approved by the House, loans made by commercial banks in the ordinary course of their commercial banking business are excluded from the tax.

As you know, the bill now contains authority for the collection of data from banks as to their commitments to foreigners. This authority was added because of concern that the commercial bank exclusion might become a vehicle for financing which otherwise would have been supplied by sources subject to the tax.

Mr. President, I digress from the quotation to call attention to the fact that the bill contains a requirement for reporting by commercial banks on their long-term commercial bank loans to foreigners because, as the Secretary of the Treasury describes it, of a concern that the capital the flight of which would be inhibited, prevented, or discouraged by the terms of the pending bill might flow abroad through this exemption in the bill.

If we have before us the concern of the Department of the Treasury and a sufficient concern by the House of Representatives and the Senate Committee on Finance to include in the bill a requirement for reporting, it seems to me that this is a sufficient cause to provide standby authority for the President to bring such loans under the terms of the pending bill, or a similar requirement in case such power is needed.

I return to a quotation from the letter:

This new data, which is now being furnished on a voluntary basis by those banks which have traditionally accounted for the bulk of foreign lending, has proven useful in determining the kinds of long-term credit being extended by banks to foreigners, supplementing present reports on outstanding volume.

Mr. President, on my amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. GORE. Mr. President, I ask unanimous consent that the remainder of the letter be printed at this point in the RECORD.

There being no objection, the remainder of the letter was ordered to be printed in the RECORD, as follows:

As I indicated in my testimony before the Finance Committee, our study of the reports filed by banks during the first part of